



**October 29, 2009**

**TO: Temporary Co-Chairpersons Senator William Dotzler and Representative Wayne Ford and Members of the 2009 Job Training Needs Study Committee**

**FROM: Kathleen Hanlon, Senior Research Analyst, Legal Services Division, Legislative Services Agency**

**RE: Background Memorandum**

## **I. Introduction**

The purpose of this background memorandum is to provide a summary of job training-related programs offered by the community colleges and overviews provided by Legislative Service Agency (LSA), Fiscal Services Division, community colleges, and the departments of Human Services and Workforce Development.

Code references in this memorandum incorporate the 2009 Iowa Code and the 2009 Iowa Code Supplement.

## **II. Community College Job Training-Related Programs**

- A. Workforce Training and Economic Development Fund.** In 2003, the General Assembly passed House File 683, creating a Workforce Training and Economic Development Fund for each community college. Moneys from the Grow Iowa Values Fund are statutorily appropriated annually to the Department of Economic Development (DED), for deposit in the funds, to be used for job training, retraining, job retention projects, and training and retraining programs for targeted industries.<sup>1</sup> Seventy percent of the moneys must be used on projects in the areas of advanced manufacturing; information technology and insurance; alternative and renewable energy; and life sciences, which includes the areas of biotechnology, health care technology, and nursing care technology. Projects implemented under the Accelerated Career Education (ACE) Program, the Iowa Industrial New Jobs Training Act, and the Iowa Jobs Training Act are eligible for funding.<sup>2</sup> Moneys may also be used for the development and implementation of career academies that are formally linked with postsecondary career and technical education programs that are designed to provide new career preparation opportunities for high school students, and may be used for community college programs and courses that provide vocational and technical training and in-service training and retraining of workers.<sup>3</sup>

<sup>1</sup> Iowa Code §§ 15G.111(5) and 260C.18A.

<sup>2</sup> Iowa Code § 260C.18A(2). Repeal of Act program eligibility for Workforce Training and Economic Development Fund moneys under Iowa Code § 260G.3, subsection 2, paragraph "e," effective June 30, 2010; see 2003 Iowa Acts, 1st Ex., ch. 2, § 93.

<sup>3</sup> Iowa Code § 260C.18A(2)(c), (d).

**B. Iowa Industrial New Jobs Training Act.** The Iowa Industrial New Jobs Training Act, enacted in 1983, establishes a program coordinated by DED in consultation with the Department of Education (DE). Rules adopted by the DED are to be used by a community college in developing projects with new and expanding industrial new jobs training proposals.<sup>4</sup> Under the program, a community college may enter into an agreement with a business to establish a jobs training project. Costs of the project may be paid from one or a combination of the following sources:<sup>5</sup>

1. Incremental property taxes to be received or derived from an employer's business property where new jobs are created as a result of the project.
2. New jobs credit from withholding to be received or derived from new employment resulting from the project.
3. Tuition, student fees, or special charges fixed by the board of directors to defray program costs in whole or in part.

An agreement for a new jobs credit from withholding tax from jobs within a Quality Jobs Enterprise Zone may be entered into by the Department of Revenue (IDR), a community college, and a business. The funds from the credit are to be used to pay the costs of a job training project as defined and administered in the same manner as an Iowa Industrial New Jobs Training project. The credit from withholding tax for this type of job training project may be claimed in addition to the credit from withholding tax authorized in the Iowa Industrial New Jobs Training Act.<sup>6</sup>

Under Code Section 403.21, however, jobs training projects administered under the Iowa Industrial New Jobs Training Act and the Iowa Jobs Training Act are prohibited within a municipality unless the municipality and the community college have entered into an agreement or have jointly adopted a plan relating to a community college's new jobs training program that provides for advance notification to each affected municipality; for exchange of information; for mutual consultation; and for procedural guidelines for all such new jobs training projects, including related project financing to be undertaken within the area of operation of the municipality. If an agreement is not reached, the community college may not use incremental property taxes to fund a jobs training project within the municipality.

**C. Iowa Jobs Training Act.** The Iowa Jobs Training Act, enacted in 1985, directs the DED, in consultation with the DE and the Department of Workforce Development, to coordinate the Jobs Training Program.<sup>7</sup> The DED and the community colleges are authorized to fund jobs training projects,<sup>8</sup> business network training projects,<sup>9</sup> high technology apprenticeship programs,<sup>10</sup> and entrepreneur development and support activities.<sup>11</sup>

A Job Retention Program was created in 2003 to allow a community college and the DED to enter into a job retention agreement for projects designed to train employees in return for a commitment by the participating employer to not move business operations

---

<sup>4</sup> Iowa Code § 260E.7.

<sup>5</sup> Iowa Code § 260E.3.

<sup>6</sup> Iowa Code § 15A.9(3).

<sup>7</sup> Iowa Code § 260F.7.

<sup>8</sup> Iowa Code § 260F.6(1).

<sup>9</sup> Iowa Code § 260F.6A.

<sup>10</sup> Iowa Code § 260F.6B.

<sup>11</sup> Iowa Code § 260F.6(3).

outside the state for a period of at least 10 years.<sup>12</sup> However, as reported by DED, as of August 2009, no business has committed to participate in the program, and, without legislative action, the program will be repealed June 30, 2010.<sup>13</sup>

See **Heading "B"**, unnumbered paragraph 3 for limitations established for jobs training projects undertaken within a municipality.<sup>14</sup>

**D. Accelerated Career Education Program Act.** The Accelerated Career Education (ACE) Program Act, enacted in 1999,<sup>15</sup> permits an ACE program to be developed by an employer, a community college, and any employee of an employer who represents a program job and, if a bargaining agreement is in place, a representative of the employee bargaining unit.<sup>16</sup> Community college programs eligible for designation and approval as an ACE program include a credit career, vocational, or technical educational program that results in a certificate, diploma, associate of science degree, or associate of applied science degree, or a credit equivalent career, vocational, or technical education program that consists of not less than 540 contact hours of classroom and laboratory instruction that results in the conferring of a certificate or other recognized competency-based credential.<sup>17</sup>

Any agreement entered into by a community college must specify the funding sources that will be used to pay for the program costs, which funding may include program job credits from withholding; cash or in-kind contributions by the employer; and tuition, fees, or special charges fixed by the community college; and moneys from the Workforce Training and Economic Development Fund.<sup>18</sup> The employer must agree to interview graduating participants in the program and provide future hiring preferences to graduates.<sup>19</sup> If an employer has more than four sponsored participants in the program, the employer must agree to offer a program job position to at least 25 percent of those participants who successfully complete the program.<sup>20</sup> The Act requires an agreement to provide for a wage level of no less than 200 percent of the federal poverty level for a family of two.<sup>21</sup>

The employer and community college must certify to the IDR that the program job credits from withholding are in accordance with the program agreement.<sup>22</sup> The DED administers the statewide allocation of program job credits from withholding.<sup>23</sup> The total amount of program job credits from all employers allocated for all accelerated career education programs in the state in any one fiscal year cannot exceed \$6 million. When the program job credits limit is reached for a fiscal year, DED notifies all community colleges that further program job credits will not be available for the remainder of the fiscal year.<sup>24</sup>

---

<sup>12</sup> Iowa Code § 260F.9.

<sup>13</sup> 2003 Iowa Acts, 1st Ex., ch. 2, § 93.

<sup>14</sup> The authorization to use incremental property taxes to fund Iowa Jobs Training projects was repealed in 1996. See 1996 Iowa Acts ch. 1180.

<sup>15</sup> 1999 Iowa Acts ch. 179.

<sup>16</sup> Iowa Code § 260G.3(1).

<sup>17</sup> Iowa Code § 260G.4(1).

<sup>18</sup> Iowa Code § 260G.3(2), (3). Authorization to use funds from the Workforce Training and Economic Development Fund repealed effective June 30, 2010; 2003 Iowa Acts, 1st Ex., ch. 2, § 93.

<sup>19</sup> Iowa Code § 260G.3(6).

<sup>20</sup> Iowa Code § 260G.3(7).

<sup>21</sup> Iowa Code § 260G.3(8).

<sup>22</sup> Iowa Code § 260G.4A(3), (4).

<sup>23</sup> Iowa Code § 260G.4B.

<sup>24</sup> Iowa Code § 260G.4B.

### III. Attachments

**A.** Ron Robinson, Fiscal Services Division, LSA, *Workforce Development Training Programs*, published January 2009, available at:  
[http://www.legis.state.ia.us/Isadocs/Fiscal\\_Topics/2009/FTRNR000.PDF](http://www.legis.state.ia.us/Isadocs/Fiscal_Topics/2009/FTRNR000.PDF)  
(last visited October 26, 2009).

**B.** Letter from Ann Wiebers, Department of Human Services, and Lori Adams, Iowa Workforce Development, to Kathy Hanlon containing an *Overview of the TANF – PROMISE JOBS Program*, submitted to LSA via e-mail on October 27, 2009.

**C.** Steve Ovel, Kirkwood Community College, *Gap Training – Skills Development for Targeted Populations*, submitted October 27, 2009.

**D.** Joseph Mowers, Iowa Workforce Development, multiple documents submitted to LSA via e-mail on October 27, 2009, including the following:

1. Iowa Works: General Overview
2. Workforce Investment Act
3. Trade Adjustment Assistance
4. Unemployment Insurance Training Extension Benefits

**E.** Skilled Worker Shortage Study Committee, *Final Report*, submitted to the General Assembly January 2008.

3747IC